

# USAID INSIGHT

## Automation Improves Efficiency, Increases Transparency

At the Pechersk District Division of the State Enforcement Service (SES) in Kyiv, state enforcement officer (bailiff) Natalia Kvasniuk glances at a large file on her desk, enters a web site, and then types in a case number in a small box that appears on her computer screen. Instantly, a page opens and she verifies names and addresses. She clicks through a number of tabs on the top of her computer screen, also checking over information. The young attorney then clicks on another tab. A legal document pops open. Ms. Kvasniuk scans it over and then exits out of the program. With the next file, she begins the process again. "This makes our work much easier," says Ms. Kvasniuk about Ukraine's *Unified State Registry of Judicial Enforcements*. "All cases are automatically registered. Once inputted, all the information is in the computer and can be printed out. This system can save months of work."

Vasyl Shpakovych, Chief of the SES Pechersk District Division, chimes in: "The registry is transparent. People have access to cases. It lowers the possibility of corruption in the legal system."

Ukraine has long been plagued by allegations of fraud in its judicial system. Rumors about payoffs to judges and other officials have often led the public to believe

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## FIGHTING CORRUPTION IN UKRAINE'S PUBLIC SECTOR



Corruption represents a significant obstacle to development in Ukraine. According to *Transparency International's 2008 Corruption Perceptions Index*, Ukraine ranked 134th out of 180 countries in its control of corruption. Recent polls have reported that 67% of Ukrainians who have dealt with public officials say that they have

been directly involved in corrupt transactions of some sort. Experts both within and outside Ukraine have noted that public sector corruption has constrained economic development and growth in Ukraine and has limited access to fair and equal opportunity and justice for the Ukrainian people. Yet it is also widely recognized that the successful implementation of anti-corruption reforms could help Ukraine attract and secure foreign direct investment, promote economic growth and human capital formation, and improve the protection of human rights. Members of the Ukrainian Government have increasingly expressed their interest in taking on the issue of public sector corruption. The Ukrainian Parliament has ratified the United Nations Convention against Corruption and the Council of Europe's Criminal Law Convention on Corruption. An anti-corruption Concept entitled *On the Way to Integrity* was adopted in December 2006, and a related action plan has been developed. A package of three anti-corruption laws has been drafted and is currently under review in the Verkhovna Rada.

The United States Government's *Millennium Challenge Corporation (MCC)* focuses on reducing poverty by promoting sustainable economic growth. Ukraine became eligible for an *MCC Threshold Country Program (TCP)* by demonstrating a commitment to policies

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## JOURNALISTS RECOGNIZED FOR BEST INVESTIGATIVE STORIES

Investigative reporting remains a very under-utilized tool in Ukraine today. Publications or TV programs mainly cover political news of the day and rarely contain profound analysis of the situation. When they do present analysis or conduct investigations, these are often highly subjective.

To increase public interest in high-quality investigative journalism and coverage of the issues of corruption in mass-media, the Center for Ukrainian Reform of Education (CURE), together with the MCC ACTION project, held the Second National Contest on the Best Investigative Journalism on Countering Corruption (The first contest was held in 2007).

Over 600 works were submitted for review by the Contest's jury. A majority of them – 405 works – were submitted by members of regional media, indicating an increase in investigative journalism in Ukrainian regional media. The jury, comprised of leading Ukrainian journalists, media specialists and anti-corruption experts selected winners in five categories - best investigative journalism piece on countering corruption in regional and national print and Internet press, national and regional TV

and radio programs in Ukraine, as well as a grand prize winner.

The award ceremony that commemorated *International Anti-Corruption Day* was held on December 9, 2008 in Kyiv. The interest of society, professional journalists and state authorities in the contest has grown significantly over the past year. This year the ceremony was attended by Hryhoriy Nemyria, Vice-Prime Minister of Ukraine, Ihor Dolgov, representative of the Presidential Secretariat of Ukraine, various ministries, diplomatic missions, international projects, as well as colleagues – journalists from numerous media outlets.

Juhani Grossmann, the Chief of Party of the ACTION Project, remarked that investigative reporters are finally getting the recognition they rightfully deserve: "Thirteen glimmers of hope in the fight against corruption were awarded here today, who are part of a growing movement of Ukrainians unwilling to tolerate the situation any longer. They are active in all spheres of public life and quietly chip away at corruption's grip on society. It is an honor for our project to be a small part of this movement."

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# One-Stop Shops Become a Working Reality

If you are an entrepreneur who wants to start a new business in Ukraine, then you have to exercise a lot of patience while interacting with various government agencies to obtain a myriad of permits, approvals, signatures and clearances. You also have to be prepared for a delay at any stage of permit issuance that could translate into additional costs and foregone revenue; and any permit, approval or clearance not granted could jeopardize your entire project. In addition, the non-transparent permit system creates many opportunities for corruption and rent-seeking.

Significant progress in dealing with these problems was made in 2005, when a new *Permit System Law* was adopted to introduce a one-stop shop principle for permit issuance. One-stop shops (OSSs) have proven to be an effective tool both in Ukraine and internationally for making the process of issuing permits easier for businesses. With the OSS a businessman only has to be in contact with a single entity (the OSS administrator) to do all the necessary paperwork, rather than having to deal with a large number of different government bodies and officials located in different parts of the city. One-stop shops significantly reduce the amount of time and money it takes to obtain business permits. They are a strong instrument for dealing with corruption, as they reduce the number of encounters businesses have with government authorities who may seek bribes.

Since the *Permit System Law* adoption in 2005, permit issuing one-stop shops have been established in 681 municipalities and rayons of Ukraine. One would expect that the complexity of obtaining permits and all associated problems should have been resolved by now. How-

ever, in practice, only a fraction of all the OSSs established operate properly and effectively facilitate the issuance of permits as required by the law.

As part of U.S. Government assistance, in 2007-2008 USAID's Trade, Investment and Business Acceleration (TIBA) Project conducted a detailed analysis of current local permit issuance practices and problems impeding effective operations of OSSs in Ukraine. The analysis was based on practices of permit issuing OSSs in 25 municipalities of Ukraine.

A number of problems in effective implementation of OSS principles were found, such as the arbitrary interpretation of provisions of the *Permit System Law* by permit-issuing authorities; significant resistance of permit-issuing authorities to issue permits according to OSS principles and refusal to cooperate with the administrators of permit-issuing OSSs; a lack of relevant methodological information regarding the proper operation of permit-issuing OSSs; and a lack of resources to provide permit-issuing offices with relevant premises, equipment, and competent staff.

To assist municipalities with improving OSS operations and thus help address corruption and simplify permitting procedures, TIBA worked with 25 municipalities to develop unified, simplified and comprehensive permit procedures. The procedures were incorporated in an OSS Toolkit being disseminated to 681 Ukrainian municipalities and rayons through local seminars as well as through TIBA and State Committee for Regulatory Policy and Entrepreneurship (SCRPE) websites.

The toolkit outlines the problems discovered through the analysis and proposes actions to be taken by local governments to address

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## TRANSPARENCY OF JUDICIAL ENFORCEMENT HELPS COMBAT CORRUPTION

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they cannot rely on their country's legal system to render fair verdicts.

To help combat corruption within the system, the Ukrainian Ministry of Justice ordered the creation of an electronic *Unified State Registry of Judicial Enforcements*. The registry is quickly becoming one of Ukraine's legal reform success stories.

The registry is essentially a computer database that carries all the information about current and past judicial enforcement cases handled by SES. "For the first time, legal entities and private individuals are able to monitor how a case is being enforced after a judge has rendered a judgment," says Ihor Nikolayev, a legal advisor at the *Commercial Law Center*.

Both parties are able to access their cases on the special web site <http://trade.informjust.ua/VPDOC/GetDoc.aspx>. They are given a code that allows them to access their case and review all the actions that have been taken by the SES enforcement officer assigned to the case.

In addition, they can copy and print out documents from the site. The public can also access cases in order to see whether an enforcement case has been opened against their potential business counterpart.

Along with openness, the registry provides several benefits. In the case of disputes involving large sums of money, the enforcement officer is able to arrest property with the appropriate state authorities. With the click of a mouse, enforcement officials are able to ensure that apartments and cars aren't sold by guilty parties who may try to hide

money from the court if a judgment is not in their favor. Previously, because of the paperwork and bureaucracy involved, it could take up to two months for the enforcement officer to seize property. By then, an individual could have sold all their belongings, transferred money out of the country and feigned bankruptcy.

In addition, now individuals don't have to be present to ask an enforcement officer about the status of their case.

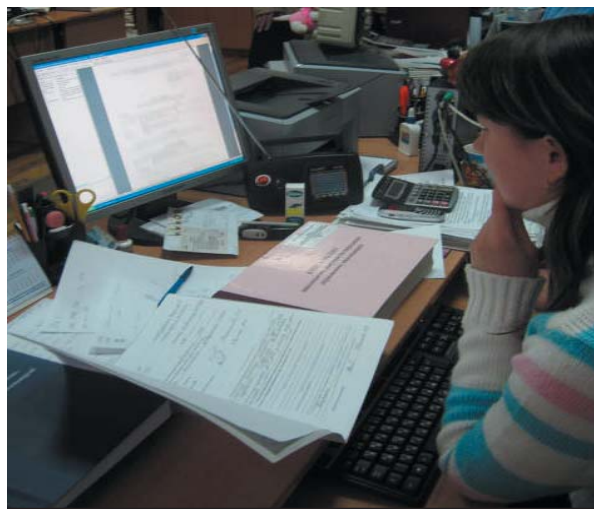
The new system, however, does have its wrinkles. CLC worked with the Ministry of Justice to provide local and regional SES divisions throughout Ukraine with computers, monitors and printers to get the registry to operate more effectively. Funds to procure 2,400 sets of equipment were provided by the Millennium Challenge Corporation within the Threshold Country Program for Ukraine. However, not all of the offices have yet been able to set up their equipment. Because of their remote locations, eight divisions are having difficulty quickly accessing the internet,

which is a critical component for the registry to work.

And then there is the issue of training SES officers to learn how to use the registry. To help them with the learning curve, CLC published an 88-page handbook that is a step-by-step guide to using the registry.

Back in the SES Pechersk office, Ms. Kvasniuk says she and her 14 other colleagues haven't had problems using the program. "We had a special one-day training," she says. "The program is fairly user-friendly."

Information about the registry is available at [www.informjust.ua](http://www.informjust.ua)



State enforcement officer Natalia Kvasniuk inputs data into the *Unified State Registry of Judicial Enforcements* at the Pechersk SES in Kyiv (Photo by Natalia Feduschak)



# ADMISSION TO UNIVERSITIES IN 2009 TO BE FAIRER, MORE TRANSPARENT THAN EVER

In spring 2008, 460,000 students took new standardized university admissions exams on a variety of subjects for the first time in Ukraine. In years past, each university and college had administered its own admissions exams, a process that had become highly corrupt in recent years. To restore objectivity and combat corruption in the higher education admissions process, testing last year was made mandatory for all university and college applicants. This meant that all concerned, including the Ministry of Education and Science, the national testing agency - Ukrainian Center for Education Quality Assessment (UCEQA), the secondary school system, test-takers and parents, faced the testing with some trepidation. The Ukrainian education system had never conducted such a massive nationwide operation under such time pressure. As it turned out, testing in 2008 was a solid success and testimony to the Ukrainian system's ability to plan and carry out very large-scale national efforts even under less than optimal political and economic conditions. Olena Stankevych, a Cherkasy Oblast resident now successfully studying law at Kyiv's Taras Shevchenko National University, noted that the use of testing as the main and uniform admissions criterion played crucial role in her admission to the law department at Shevchenko University. "It is external independent testing that helped me to get access to the university of my choice. Without testing I wouldn't have made it," admitted Olena.

The 2008 national testing was closely monitored by thousands of observers from NGOs, such as the OPORA Civic Network and the Committee of Voters of Ukraine, joined by dozens of local organizations as well as parents committees. Observers were given good access to all aspects of administration, which helped assure the transparency of testing. Some problems were encountered by observers monitoring the actual university admissions process, and it was clear that this additional public attention helped make admissions more objective and fairer than in years past.

Following the 2008 testing and admissions campaigns, the Ministry of Education and UCEQA are profiting from a number of important lessons learned for a more streamlined and more transparent admissions campaign this year. The 2009 Conditions on Admission, adopted by the Ministry in September 2008, are a major step forward.

This year external testing will be held in eight subjects - Ukrainian Language & Literature, Mathematics, History of Ukraine, Geography, Biology, Physics, Chemistry, and Modern Foreign Languages - English, German, French and Spanish. All universities must demand a minimum of two external testing certificates for a particular major area, including Ukrainian language and literature, which is obligatory for all testing participants. Universities also de-

termine what tests to require for each major area. Every 2009 participant will have the right to take tests in up to five subjects (three in 2008) allowing universities greater flexibility in establishing criteria for each program and giving students the ability to apply simultaneously to programs with highly diverging testing

special needs, orphans, children deprived of parental care, children with "Chornobyl Accident" status, and children of coal miners. The number of school children with such privileges is quite limited in the university application pool, so their effect on 2009 admissions will be quite limited. In any event, the Ministry,



Senior Proctor puts bar-code on test-taker answer sheet to secure the anonymity of testing. May 2008 (Photo by Anatoliy Kurta)

requirements (i.e. simultaneous application to a History and a Physics program).

The 2008 admissions campaign showed the cutthroat level of competition for open spots at top level universities. To reduce time spent considering applications from unqualified applicants to top programs, the Ministry has modified its test score policy. Although the minimum score requirement (the "cut score") for entering a university remains 124 (on a 100 - 200 scale), it may now set higher cut scores for particular subjects depending on the relative importance of that subject to a particular major area. For example, the "cut score" for Ukrainian Language and Literature for a Biology program applicant might be set at 145, while the score for the same test in a Ukrainian Literature program at that university might be 180 or even higher.

The 2008 admissions campaign showed the downside of maintaining loopholes in admission policy that gave universities the opportunity to guarantee places for applicants who had taken preparatory courses at these universities beforehand on a fee basis - an area rife with abuse in years past. The Ministry has closed this loophole for 2009 and revoked a range of other privileges. The only remaining admissions privileges are ones mandated by certain laws of Ukraine. These include "protected class"-type privileges for children with

UCEQA and law enforcement bodies are monitoring these special cases to prevent or prosecute any possible fraud and abuse related to such privileges.

A final and key lesson learned from the 2007 and 2008 admissions campaigns is the need for stronger education policy development mechanisms that put transparency of the process and results first and have a synergistic effect in reducing higher education admissions corruption. Incorporating international best practices has become a key element in rolling out the admissions reform, and the contribution of international experts working through the Millennium Challenge Corporation Threshold Country Program cannot be understated. The involvement of international specialists in several dozen Legislative and Policy Expert Group meetings, workshops, high-level roundtables in 2007-2008, and in regular Ministry policy development seminars beginning last year and planned for 2009 have allowed these new concepts to be implemented with a clear positive effect.

The next step is to make these changes permanent.

The Ukrainian Standardized External Testing Initiative is moving forward with the Ministry of Education and UCEQA to address the challenges and harness the promise that lie ahead.

## Ukrainian Officials Learn About the Work of U.S. Internal Investigation Units

*The State Border Guards Service, the State Customs Service, the State Land Resources Committee, and the Ministries of Health, Interior, Justice, and Transportation are working to create or strengthen internal investigation units to prevent, detect and investigate fraud, abuse of office and corruption within these entities.*

**T**en representatives of Ukraine's Ministry of Transportation and Communication, Ministry of Interior and the State Customs Service have just returned from a U.S. study tour to learn about the work of independent Internal Investigations Units (Inspectors General Office – U.S.), and are ready to implement them in Ukraine.

A fully functioning independent Internal Investigation Unit is an effective anticorruption mechanism, which aims to prevent, detect and investigate cases of fraud, waste of funds and abuse of position by employees of a governmental office. The functions of IIU include inspection, auditing and investigation of cases related to corruption, such as bribery and conflict of interest.

The above-mentioned Ukrainian ministries are among six Ukrainian Government offices that are implementing the Internal Investigation Units Project under the Millennium Challenge Corporation Threshold Country Program; the study tour participants are members of the working groups created at each of their ministries to implement this project.

During the tour, participants had meetings with Inspectors General and their respective staffs from the Federal Communications Commission, the U.S. Department of Energy, the U.S. Postal Service, the U.S. Department of Transportation, Amtrak (the passenger railway service), the U.S. Department of Justice, and the U.S. Customs and Border Protection Service. They also had an opportunity to meet with representatives of the President's Council on Integrity and Efficiency, which is the U.S. coalition of Inspectors General.

Representatives of each of these

American departments and agencies made presentations describing the structure, authority, functions and the standards of work of their internal investigations units and provided members of the Ukrainian delegation with copies of printed materials as well as copies of annual Office of Inspectors General reports to the Congress. Representatives of Ukraine's Ministry of Interior also had an opportunity to hear a presentation by the head of the internal affairs unit of the Fairfax County Police Department and, a day later, to spend an afternoon accompanying police officers from that Department in their squad cars on their daily tours of duty.

"The experience we received is invaluable for the purpose of improving the work of internal investigation units in Ukraine. The model of an Inspector General Office, which includes three major functions, namely, auditing, inspecting and investigation, lends itself to step-by-step implementation in Ukraine, taking, of course, into consideration the peculiarities of legislative adoption," stated the head of the Controlling and Auditing Department at the Ministry of Transportation and Communication of Ukraine, Oleksiy Prokhorenko.

The study tour participants believe that the information and materials received during the visit will provide a strong basis for preparing drafts of a regulatory framework for the creation and operations of an internal investigations unit at the Ministry of Transportation, and the knowledge and experience received on this visit by representatives of the Ministry of Interior and the State Customs Service will help improve the operations of existing internal investigation units within those agencies.

## FIGHTING CORRUPTION IN UKRAINE'S PUBLIC SECTOR

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that promote political and economic freedom, investments in education and health, the sustainable use of natural resources and respect for civil liberties and the rule of law, as measured by 17 different policy indicators. However it showed low results in control of corruption area. Therefore, Ukraine's *Threshold Country Program*, which was approved by the MCC in June 2006, focuses on reducing corruption in the public sector. USAID works with MCC to oversee the implementation of Threshold Country Programs.

A Strategic Objective Agreement to implement the \$45 million Ukraine TCP was signed in December 2006 by USAID and the Government of Ukraine. The TCP includes five distinct components: development of civil society monitoring and advocacy, including the field of investigative journalism; judicial reform; government monitoring and enforcement of ethical and administrative standards; streamlining and enforcing business regulations; and combating corruption in higher education.

The Government of Ukraine's management of the TCP is coordinated through the Threshold Country Program Executive Board, which is led by Deputy Prime Minister Hryhoriy Nemyria and Deputy Head of the Secretariat of the President of Ukraine Andriy Goncharuk. The Board also comprises representatives of the government of Ukraine, including ministers, deputy ministers and Members of Parliament.

The TCP represents a multifaceted, aggressive effort to take on the issue of public sector corruption. The TCP has supported key reforms in areas ranging from judicial selection to construction permitting to university admissions. Through work with Ukrainian civil society organizations, advocacy campaigns have been carried out across Ukraine and have resulted in 45 changes to government procedures, policies and outputs nationwide. A notary qualification exam has been created with the Ministry of Justice and nearly 200 have been issued to notaries based on test results. Court automation is currently being implemented in seven pilot courts across Ukraine that will enable the random assignment of cases as well as the electronic upload of decisions to a Unified Registry of Court Decisions. The State Border Guards Service, the State Customs Service and the State Land Resources Committee, and the Ministries of Health, Interior, Justice, and Transportation are working to create or strengthen internal investigation units to better deter, detect and sanction corrupt acts within these entities. 25 one-stop shops for businesses are simplifying and streamlining the process of applying for construction permits, which reduces corruption in the permitting process. And finally, in 2008 over 460,000 students took new standardized university admissions exams on a variety of subjects; the external standardized testing process introduced by the TCP has drastically reduced opportunities for corruption in higher education admissions.



United States Agency for International Development's (USAID) assistance focuses on the following areas: **Economic Growth, Democracy and Governance, Health and Social Sector.**

Since 1992, USAID has provided \$1.6 billion worth of technical and humanitarian assistance to Ukraine to further the processes of democratic development, economic restructuring and social sector reform in the region.

For more information about USAID programs in Ukraine please visit the USAID website at: <http://ukraine.usaid.gov>

## OSS Toolkit Simplifies Permit Procedures

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them. Importantly, each recommended action and procedure is supported by a proposed draft local regulation to be adopted to resolve the issue.

In October 2008, TIBA jointly with SCRPE launched a series of regional seminars for local officials on improvement of local permit issuance procedures based on the OSS Toolkit. To date, seminars have been organized in six Ukrainian cities and attended by 277 local officials. Five more trainings are scheduled for February-April 2009.